



BILLING CODE 3510-FP

DEPARTMENT OF COMMERCE

International Trade Administration

Oil and Gas Trade Mission to Israel

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce (DOC), International Trade Administration (ITA), U.S. and Foreign Commercial Service (CS), is organizing an Executive-led Oil and Gas Trade Mission to Israel, October 27 – October 31, 2012. This mission is designed to be led by a Senior Commerce Department official. The purpose of the mission is to introduce U.S. firms to Israel's rapidly expanding oil and gas market and to assist U.S. companies pursuing export opportunities in this sector. The mission to Israel is intended to include representatives from leading U.S. companies that provide services to oil and gas facilities, from design and construction through to project implementation, maintenance of facilities, and environmental protection. The mission will visit Tel Aviv and Jerusalem, and will include a visit to a to-be-determined site (e.g., port or company office). Mission participants will attend the 2012 Israel Energy and Business Convention. Held for the 10th consecutive year, by Eco Energy and Tachlit Conferences, this is Israel's major energy forum. The convention assembles representatives of companies and senior Israeli and foreign policy makers, bringing them together with the Israeli financial and business community.

The mission will help participating firms gain market insights, make industry contacts, solidify

business strategies, and advance specific projects, with the goal of increasing U.S. exports to Israel. The mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with government officials; and high-level networking events. Participating in an official U.S. industry delegation, rather than traveling to Israel on their own, will enhance the companies' ability to secure meetings in Israel.

COMMERCIAL SETTING

The United States is Israel's largest single country trade partner. Since the U.S.-Israel Free Trade Agreement entered into force in 1985, U.S.-Israel trade has grown nine-fold. Since 1995 nearly all trade tariffs between the U.S. and Israel have been eliminated. Exports of U.S. goods to Israel in 2010 were \$6.7 billion. In September 2010, Israel joined the Organization for Economic Cooperation and Development.

Israel has an advanced market economy. As of 2010, Israel has the 24th largest economy in the world. Historically poor in natural resources, Israel depends on imports of petroleum, coal, natural gas and production inputs, though the country's nearly total reliance on energy imports will likely change with recent discoveries of large natural gas reserves off its coast.

In accordance with the OECD's Green Growth Declaration of 2009, the Government of Israel formed a Green Growth Round Table to bring about regulatory, budgetary and environmental policy changes between 2012 and 2020. Therefore, there may be sub-sector opportunities in environmental protection and pollution treatment, for onshore and offshore activities.

Natural Gas

In 2009 and 2010, the greatest natural gas discoveries of the decade were made off the coast of Israel: the Tamar and Leviathan fields. These fields may have the capacity to support Israel's domestic gas consumption with reserves left for exports, and related platform chemicals. The U.S. Geological Survey estimates that there are 122 TCF of recoverable gas in the region, most of it in Israeli waters.¹ In March 2012, another offshore discovery was made by Modiin and Adira Energy northwest of Tel Aviv, with an estimated 1.8 TCF of natural gas as well as oil.²

Israel's offshore natural gas reserves are estimated around 30 trillion cubic feet, however further exploration is needed. The Ministry of Energy and Water Resources' (MEWR) Petroleum Unit and Petroleum Council are responsible for issuing petroleum prospecting licenses in Israel. After the Tamar and Leviathan discoveries, numerous licenses to initiate petroleum prospecting were granted. According to the Petroleum Law, license owners must begin petroleum prospecting within 4 months of license issuance, commence drilling operations no later than two years following license issuance, and the interval between the drilling of one well and another cannot exceed 4 months. Consequently, it is likely that various drilling operations will commence in 2012. Because Israel does not yet have the physical infrastructure and technical workforce to support this fast growing industry, local companies are eager to team up with U.S. companies. Finally, Minister of Energy and Water Resources, Uzi Landau is committed to bringing foreign companies into Israel for continued gas exploration, and its eventual export.

¹ US Geological Survey. *Assessment of Undiscovered Oil and Gas Resources of the Levant Basin Province*. <<http://pubs.usgs.gov/fs/2010/3014/pdf/FS10-3014.pdf>>.

² "Oil and Gas Found at Gabriella, Yitzhak Licenses." *Globes Israel Business News*. 13 Mar. 2012. <<http://www.globes.co.il/serveen/globes/docview.asp?did=1000732741>>.

The Committee on Energy Policy, recommends setting aside 50 percent of the Tamar and Leviathan gas resources for export. Final decisions on exports will be made in the coming months. All natural gas export facilities will be located in areas under Israeli control. Opportunities exist for prospectors, operators, pipeline construction, logistical services and ship manufacturers. Technical training services are required to build a workforce and there are opportunities for academic cooperation with local universities and colleges.

Oil

In March 2010, the U.S. Geological Survey reported that there is an estimated 1.7 billion barrels of recoverable oil in Israel.³ The World Energy Council estimates Israel's shale deposits could ultimately yield as many as 250 billion barrels of oil.⁴ In May 2011, the Russian energy company Inter RAO announced that it had received a license to develop oil shale resources in the Negev desert. In March 2012, another offshore discovery was made by Modiin and Adira Energy northwest of Tel Aviv, with an estimated 128 million barrels of oil, as well as natural gas.⁵ The Meged Field may also contain significant oil reserves. In June 2011, Israeli oil exploration company, Givot Olam, announced that its test production site, Meged 5, was producing 800 barrels a day. According to a report by the international consultancy Baker Hughes, Givot Olam will develop Meged 6 and Meged 7 and perform well stimulation for all its drillings; in the next stage

³ US Geological Survey. *Assessment of Undiscovered Oil and Gas Resources of the Levant Basin Province*. <<http://pubs.usgs.gov/fs/2010/3014/pdf/FS10-3014.pdf>>.

⁴ "Oil Shale Country Notes: Israel." *World Energy Council for Sustainable Energy*. <http://www.worldenergy.org/publications/survey_of_energy_resources_2007/oil_shale/country_notes/2005.asp>.

⁵ "Oil and Gas Found at Gabriella, Yitzhak Licenses." *Globes Israel Business News*. 13 Mar. 2012. <<http://www.globes.co.il/serveen/globes/docview.asp?did=1000732741>>.

the company will drill up to 40 wells throughout the Meged field.⁶ In February 2012, MEWR approved continued production at Meged 5, and development of Meged 6-14 drillings.⁷

Many oil exploration licenses are set to expire in 2012 and 2013. Exploration companies are limited to how many licenses they can hold in Israel, and given the success of several exploration projects, there are opportunities for U.S. companies to enter Israel's oil exploration market.

MISSION GOALS

The mission will help U.S. companies increase their export potential to Israel by identifying profitable opportunities in Israel's natural gas and oil market. As such, the mission will focus on helping U.S. companies obtain market information, establish business and government contacts, solidify business strategies, and/or advance specific projects.

The mission's goals include:

- Facilitating first-hand market exposure and access to government decision makers and key private-sector industry contacts, including potential trading partners;
- Promoting the U.S. energy industry by connecting representatives of U.S. companies with potential trading partners;
- Helping companies gain valuable international business experience in the rapidly growing energy industry; and,

⁶ *Meged Field Reserves Classification*. Rep. Baker Hughes, Mar. 2011.

<<http://www.givot.co.il/english/data/images/Media/GIVT0001%20Final%20Report%20rev3.pdf>>.

⁷ "Energy Ministry Approves Meged Field Development." Globes Israel Business News, 30 Jan. 2012.

<<http://www.globes.co.il/serveen/globes/docview.asp?did=1000720122>>.

- Helping U.S. companies strengthen their engagement in the worldwide marketplace, leading to increased exports and job creation.

MISSION SCENARIO

Participants will attend country briefings, seminars and meetings with government decision makers and key private-sector industry contacts, including potential trading partners. Participants will also receive briefings on natural gas opportunities in Greece and Cyprus. Networking events will provide mission participants with further opportunities to speak with local business and government representatives, as well as with business executives of major U.S. companies already established in Israel.

The mission will begin in Tel Aviv, where participants will receive market briefings and learn about doing business in Israel. Next, the delegates will participate in the Israel Energy and Business Convention 2012, Israel's major energy forum. Here the participants will be able to learn about the market, meet with potential customers and network with all relevant players from the public and private sector. The convention will include plenary sessions, panel discussions, lectures, investment advice and exhibitions. Commercial Service Tel Aviv will arrange one-on-one business meetings with potential buyers and partners for all trade mission participants.

Next, the delegation will be led on a site visit. Probable site visits include Ashdod Port and Noble Energy offices. Finally, the delegation will visit the MEWR in Jerusalem to learn about the state of the oil and gas industry in Israel.

The precise agenda will depend upon the availability of local government and private sector officials, as well as on the specific goals and makeup of the mission participants.

NOTIONAL TIMETABLE

Saturday, October 27, 2012	<ul style="list-style-type: none">• Tel Aviv<ul style="list-style-type: none">○ Participants arrive in the AM○ Afternoon Embassy briefing, doing business in Israel seminar
Sunday, October 28, 2012	<ul style="list-style-type: none">• Tel Aviv<ul style="list-style-type: none">○ Participation in Israel Energy and Business Convention 2012○ One-on-one meetings○ Dinner with trade mission lead and relevant government of Israel senior officials
Monday, October 29, 2012	<ul style="list-style-type: none">• Tel Aviv<ul style="list-style-type: none">○ Participation in Israel Energy and Business Convention 2012○ One-on-one meetings○ Networking reception with Israeli companies
Tuesday, October 30, 2012	<ul style="list-style-type: none">• Tel Aviv

	<ul style="list-style-type: none"> ○ Site visit to port, or Noble Energy Inc. offices ○ Reception and Ambassador's residence
Wednesday, October 31, 2012	<ul style="list-style-type: none"> ● Jerusalem <ul style="list-style-type: none"> ○ Relevant government meetings

PARTICIPATION REQUIREMENTS

All parties interested in participating in the trade mission must complete and submit an application package for consideration by DOC. All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. U.S. companies already doing business with Israel as well as U.S. companies seeking to enter to the Israeli market for the first time may apply. A minimum of 10 and a maximum of 20 companies will be selected for participation in this mission.

Fees and Expenses

After a company has been selected to participate on the mission, a payment to the DOC in the form of a participation fee is required. The participation fee is \$3,285 for large firms and \$2,675 for a small or medium-sized enterprise (SME)⁸, which covers one representative. The fee for each additional representative is \$500.

⁸ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardstopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

Participants in Israel Energy and Business Conference will pay show-related expenses directly to the show organizer. Expenses for travel, lodging, meals, and incidentals will be the responsibility of each mission participant. Delegation members will be able to take advantage of U.S. Embassy rates for hotel rooms.

Conditions for Participation

An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content of the value of the finished product or service.

Selection Criteria for Participation

- Suitability of the company's products or services to the market.
- Applicant's potential for business in the targeted industries in Israel, including likelihood of exports resulting from the mission.
- Consistency of the applicant's goals and objectives and business with the stated scope of the mission.

- Diversity of company size, sector or subsector, and location may also be considered during the review process.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar (<http://www.ita.doc.gov/doctm/tmcal.html>) and other Internet web sites, press releases to general and trade media, direct mail, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. Recruitment for the mission will conclude no later than August 24, 2012. The U.S. Department of Commerce will review applications and make selection decisions on a rolling basis beginning May 21, 2012, until the maximum of 20 participants is selected. Applications received after August 24, 2012 will be considered only if space and scheduling constraints permit.

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